

FINANCING THE RETIREMENT SYSTEM

1. Q. How is the financing of the system changed?

A. It is improved in three ways:

1. By an increase in retirement contributions so that they are sufficient to meet the normal cost of the system.
2. By authorization of appropriations to meet liabilities which result from future changes.
3. By authorizing the Treasury Department to pay interest on the existing unfunded liability of the system and for the cost of allowing credit for military service in computing annuities.

2. Q. How much will be deducted from an employee's pay as retirement contributions?

A. Seven percent of basic pay, instead of $6\frac{1}{2}$ percent.

3. Q. When does this increased deduction begin?

A. The first pay period in 1970.

4. Q. Is the Government required to contribute to the retirement fund?

A. Yes, each Government agency matches the deductions from its employees' pay.

CREDIT FOR UNUSED SICK LEAVE

1. Q. In what kind of retirement cases may unused sick leave be added to the employee's service?
 - A. In two kinds:
 1. Where the employee retires on an immediate annuity on or after October 20, 1969.
 2. Where the employee dies on or after October 20, 1969 leaving a widow (or dependent widower) who is entitled to a survivor annuity.
2. Q. What is an immediate annuity?
 - A. One that begins no later than 1 month after separation from service. This would include an employee who retires at his own option, or who retires for age, disability, or because he was involuntarily separated without cause.
3. Q. How will credit for unused sick leave be allowed?
 - A. By adding the time represented by the unused sick leave to the retiring employee's actual service.
4. Q. For what purpose will unused sick leave be credited?
 - A. Only for counting the total number of years and months of service used in computing the amount of annuity.
5. Q. May unused sick leave be used for figuring the high average salary?
 - A. No.
6. Q. May unused sick leave be counted toward the minimum length of service necessary to retire or to qualify for a survivor annuity?
 - A. No.

7. Q. How much time credit is allowed for the unused sick leave?

A. Generally, each 8 hours of unused sick leave equals one day. Days are converted to months and years on a 260-day work year basis. On this basis, approximately 22 days equals 1 month.

8. Q. Is deposit of contributions to the retirement fund required to obtain retirement credit for unused sick leave?

A. No.

9. Q. Does the limitation on annuity of not more than 80 percent of the high average salary apply to annuity based on unused sick leave?

A. No. Additional annuity attributable to the sick leave credit is allowable over and above this limitation.

HIGH AVERAGE SALARY

1. Q. What change has been made in the average salary computation?

A. The "high-5" average salary formerly used in computing annuities is changed to "high-3". This is the largest annual rate resulting from averaging an employee's rates of basic pay in effect during any period of 3 consecutive years of civilian service, with each rate weighted by the time it was in effect.

2. Q. When does use of the high-3 average salary become effective?

A. It applies in the case of any employee who is separated from service on or after October 20, 1969.

3. Q. How is the high average salary figured if the employee has less than 3 years of service?

A. If an employee dies with between 18 months and 3 years of service and leaves survivors entitled to annuity (see following questions), his high average salary is figured over all his civilian service.

SURVIVOR ANNUITY - SPOUSE

1. Q. What change is there in the rights of widows?
 - A. The widow (or dependent widower) of an employee who dies on or after October 20, 1969, after as little as 18 months of civilian service is now entitled to survivor annuity. Formerly the minimum service requirement was 5 years.
2. Q. Must the minimum of 18 months be continuous service?
 - A. No. It may consist of 2 or more periods of service.
3. Q. Are any of the other requirements for a widow's or widower's annuity changed?
 - A. No. All other requirements remain the same.
4. Q. How much survivor annuity is payable to a widow?
 - A. The 1969 Amendments guarantee a minimum annuity to the widow (or dependent widower) of an employee who dies on or after October 20, 1969. This amounts to 55 percent of the smaller of--
 1. 40 percent of the deceased employee's high average salary, or
 2. the regular annuity obtained after increasing the deceased employee's service by the period of time between his date of death and the date he would have reached age 60.
5. Q. Is this guaranteed minimum used in all cases?
 - A. It does not apply if the widow's annuity based on employee's actual service is more than the guaranteed minimum. In this instance, the widow's annuity is 55 percent of the annuity earned by the employee at the time of his death.

6. Q. In what situations will 55 percent of the earned annuity be more than the guaranteed minimum?
 - A. Whenever the deceased employee had sufficient service to produce a higher benefit. Also, since service cannot be projected beyond age 60 in any case, the guaranteed minimum is not operative where the employee dies after reaching that age.
7. Q. Was any change made in the benefit payable to the surviving spouse of a disability annuitant?
 - A. Yes. Formerly an employee who retired for disability could pass on to the surviving wife or husband only 55 percent of his earned annuity, even though he received a higher benefit under the existing guaranteed minimum disability annuity provision. Now, for a disability annuitant who retires on or after October 20, 1969, the widow or widower will receive 55 percent of whatever annuity the retiree receives, unless the employee at retirement had specified a lesser benefit.

SURVIVOR ANNUITY - CHILD

1. Q. What change is there in the rights of children?
 - A. Each eligible child of an employee who dies on or after November 1, 1969, after as little as 18 months of civilian service is now entitled to survivor annuity. Formerly the minimum service requirement was 5 years.
2. Q. Need the minimum of 18 months be continuous service?
 - A. No. It may consist of 2 or more periods of service.
3. Q. Are any other requirements for a child's annuity changed?
 - A. No. All other requirements remain the same.

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4. Q. How much survivor annuity is payable to a child?

A. The 1969 amendments increase annuity to a child. If the deceased employee is survived by a husband or wife, each eligible child will receive 60 percent of the employee's high average salary divided by the number of children. Annuity to any child is limited to \$900 a year, and the total to all children cannot be more than \$2,700 a year.

If no husband or wife survives the employee, each eligible child will receive 75 percent of the employee's high average salary divided by the number of children. Annuity to any one child is limited to \$1,080 a year, and the total to all children cannot be more than \$3,240 a year.

5. Q. Are all children entitled to survivor benefits eligible for the increased annuity?

A. Yes. These increased rates apply not only to children who qualify after this amendment is enacted, but also to children who are now receiving survivor annuity.

6. Q. When are these increases in children's annuities effective?

A. November 1, 1969. They will be reflected in the December 1, 1969 annuity checks which pay annuity for November.

REMARRIAGE OF SURVIVING SPOUSE

1. Q. What effect does remarriage have on the survivor annuity of a widow or widower?

A. Basically, remarriage generally stops the survivor annuity. The new law permits continuance of survivor annuity, regardless of when the employee retired or died, if the widow or widower remarries (1) on or after July 18, 1966, and (2) after attaining age 60. Where such a remarriage has already occurred and the widow's or widower's annuity has been stopped, it will be resumed commencing October 20, 1969.

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2. Q. If a widow's or widower's annuity is stopped because of remarriage, can it be resumed if the remarriage ends?
 - A. Yes, if (1) the remarriage occurred after July 18, 1966, (2) the widow or widower does not elect some other annuity which is acquired by reason of the remarriage, and (3) any lump sum retirement benefit paid is returned. Where a remarriage has already ended, the survivor annuity may be resumed effective October 20, 1969.
3. Q. If a widow's or widower's annuity has already stopped but the remarriage has ended, how can the annuity be resumed?
 - A. She or he must write to the Civil Service Commission giving full identifying information and full particulars about the remarriage and when and how it ended.

COST OF LIVING INCREASES

1. Q. Do the 1969 Amendments change the way cost-of-living increases in annuities are figured?
 - A. Yes. Cost-of-living annuity increases are still figured as formerly except that, under the Amendments, 1 percent is added to each cost-of-living increase that is developed by the Consumer Price Index.
2. Q. Does the extra 1 percent affect the 4 percent cost-of-living increase that is already scheduled for November 1, 1969?
 - A. Yes, it changes this 4 percent increase to a 5 percent increase.
3. Q. Who will receive the 5 percent cost-of-living increase due November 1, 1969?
 - A. All retired employees and survivor annuitants whose annuities commenced November 1, 1969 or earlier.
4. Q. What is the last day an employee may retire from service and have his annuity commence November 1, 1969?
 - A. October 31, 1969. Employees in a pay status and separated after that date will not qualify for the 5 percent cost-of-living increase scheduled for November 1, 1969.

5. Q. Is there any advantage for an employee to retire on or before October 31, 1969?

A. If the employee retires between October 20 and 31, he will not only have his annuity figured under the 1969 Amendments but also have the 5 percent cost-of-living increase added to his annuity. However, the 1969 Amendment liberalizations--high average salary computation, unused sick leave credit, etc.--will apply equally to persons who retire after October.

6. Q. Will the extra 1 percent be added to future cost-of-living increases that are developed by the Consumer Price Index?

A. Yes.

EMPLOYEES PREVIOUSLY SEPARATED

1. Q. What is the effect of this amendment on those already separated from Federal service?

A. The provisions of this new law do not generally apply to those separated or retired before its effective date. However, annuitants already on the rolls will receive the extra 1 percent annuity increase.

2. Q. Do the provisions of the new law apply to retirees who have been reemployed by the Government?

A. Yes, under certain conditions. The age or optional retiree who is separated on or after October 20, 1969, and who has completed at least 1 year of continuous full-time civilian service as a reemployed annuitant will receive credit for any unused sick leave in determining his supplemental annuity. Should the retiree complete 5 years of such service, his annuity can be recomputed; in the recomputation, he will be eligible for all the benefits of the new law, i.e., sick leave credit, high average salary computation, and survivor benefits previously outlined.